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TO RUEHBUL/AMEMBASSY KABUL PRIORITY 0422
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UNCLAS TOKYO 000441

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STATE FOR SCA/A, S/CT
STATE PASS TO USAID FOR AID AA/ANE MARK WARD
NSC FOR AHARRIMAN
CENTCOM FOR CG CFC-A, CF CJTF-76, POLAD

E.O. 12958: N/A

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SUBJECT: JAPANESE UPDATE OF AFGHAN RING ROAD PROJECT

REF: 06 KABUL 04432

11. Summary. Japan has signed a contract with a construction company, SAITA of Afghanistan, to complete its 114 km segment of the Afghan Ring Road (Kandahar to Herat), and expects work to be completed by December 2008, if not sooner. MOFA International Cooperation Bureau Grant Aid/Technical Cooperation Division Director Wada said that on January 20, 2007 SAITA began construction on the first ten kilometers. End summary.

12. In Fall 2006, the initial contract for this section of the Ring Road was canceled due to security concerns and Taisei's employees departed Afghanistan. A new tender was issued to include third parties (other companies in addition to Japanese and Afghan companies.) Negotiations with an Indian company were undertaken, however no agreement was reached. As a result, Japanese procurement agent, the Japan International Cooperation System (JICS) issued yet another tender requesting bids by early December. MOFA Grant Aid/Technical Cooperation Division Director Mitsuhiro Wada said of four companies submitting bids, the best bid was from SAITA of Afghanistan. On December 26, 2006, the Government of Afghanistan, through JICS, signed an agreement with SAITA of Afghanistan (a Japanese invested firm) to construct the Road. In addition, a Japanese engineering services firm, Pacific Consultants International (PCI), was contracted to provide the technical oversight.

13. Director Wada reported that SAITA began construction on January 20, 2007, with PCI providing technical oversight.

14. Director Wada said that the contracting system is somewhat complicated. MOFA initially only had sufficient funds to cover the first 50 kilometers, and asked the Afghan Government through JICS to issue the contract accordingly. MOFA is now waiting a formal request from the Afghan Government for grant funds to complete the remaining 64 kilometers. Once the request is received, MOFA will calculate the necessary funding, and obtain budget approvals from the Ministry of Finance and the Cabinet, so that the funding can be issued during 2006 fiscal year (FY 2006 ends March 31, 2007.). Director Wada assured AID Counselor that funding is not a problem, but these administrative procedures must be followed.

15. Director Wada also told AID Counselor that the Afghan Government and JICS would approve and sign a contract with SAITA of Afghanistan for the final 64 kilometers, perhaps following the same procedure of constructing 10 kilometers at a time. Director Wada assured that the 114 kilometers from Kandahar to Herat would be completed by December 2008 if not earlier.

16. MOFA recently appointed senior official, Yoshiki Mine, as the Ambassador in Charge of Afghanistan Assistance Coordination and NGOs. Director Wada reported that the Ring Road is one of Mine's highest priorities.
SCHIEFFER